

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

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TWENTY-THIRD SESSION OF THE NEGOTIATING GROUP ON AGRICULTURE: JULY 1990

Nordic Comments on the De Zeeuw Paper

1. General remarks

The Nordic countries welcome the Chairman's draft text which outlines a framework of modalities for the remaining Uruguay Round negotiations in the sector of agriculture and the main elements of the long-term reform programme. We are fully aware of the difficulties the Chairman has faced in trying to accommodate in the draft the positions and aspirations of various participants. Some paragraphs of the draft give rise to concern among the Nordic delegations as, I am sure, other paragraphs do for other delegations, but we also understand that the text represents an attempt to find a compromise between a number of diverging views.

The main purpose of the Paper should, in our view, be to strengthen the momentum of these negotiations and to facilitate the preparation of their final, more concrete phase. It seems to fulfil these objectives in a manner which is largely satisfactory from our point of view. We are not, however, looking at the draft merely from the viewpoint of Nordic agricultural interests but also from that of the Round as a whole. We urge all others to do likewise. We believe that an agricultural profile of this nature can boost the credibility of the whole Round. The importance of this broader consideration should not be underestimated.

We largely agree with the basic structure of and the general approach adopted in the Paper. It seems to represent a realistic assessment of the basic elements which should be reflected in such a framework at this point of the negotiating process. It contains a useful set of ideas concerning the practical ways in which these negotiations should be conducted during the coming months. We all must recognize that we are working under a growing time pressure and that there remains a great deal of detailed, technical work to be done both at the national levels as well as at the negotiating table here in Geneva before the final package can be completed. The most urgent task for us is to agree on the submission of country lists rather than to try to prejudge in too detailed a manner the final outcome that the negotiations on the basis of those country lists should bring about.

Having offered the above observations we want to make it clear that the Chairman's draft also does raise a number of questions, comments and concerns in our mind. We have, however, taken careful note of the introductory paragraph of the draft which says that the participants'

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"agreement to this text is conditional both on the satisfactory negotiation of certain issues within it and on the overall balance of agreements in the Round as a whole". We are keeping this basic - and, in our view, useful - principle very much in mind when considering how to formulate those questions, comments and concerns as we go through the draft in greater detail.

These observations are meant to convey the general message that we are ready to take the Chairman's draft as the basis for our efforts to produce a profile which meets the requirements set by the TNC. This conclusion is, naturally, conditional on the reactions of other participants. It is our hope that we all can agree to work on the basis outlined by the Chairman and that we keep in mind the delicate balances that he has built into his text.

2. More detailed comments on the Paper

Title and Introduction (paragraph 1)

We have no major problems with these parts of the text, although we recognize a certain discrepancy between the title which talks about a "framework agreement on agricultural reform programme" and paragraph 1 which defines the text as a "framework of modalities for negotiation leading to agreement on the Reform programme". It may be wise to come back to the title and to the introductory part of the text at some later stage, when we have a clearer picture of the degree of agreement among the participants on the substantive elements contained in the text.

Internal support (paragraphs 2-11)

The suggestion of the Chairman is to base the commitments on internal support on an AMS. As the past discussions have shown, this is one way to tackle internal support, the other being a set of more policy-specific commitments. We, in our earlier submissions, have preferred the latter approach without, however, closing off the AMS road.

Having examined the Paper's chapter about internal support, we, firstly, note with disappointment that the points we have made about the necessity of taking into account varying domestic inflation rates in the context of the definition of the support reduction targets have not adequately been accommodated in the draft. The last sentence of paragraph 10, which speaks about "excessive rates of inflation" does not - as we have earlier pointed out - cover our concerns which, we believe, should be the concerns of each and every participant. We maintain our view that the reduction targets as well as any overall support ceilings should be defined in real rather than nominal terms. If this cannot be explicitly stated in the framework of negotiating modalities, we will reserve the right to revert to it at an appropriate later stage when we will consider the issue of overall ceilings and negotiate reduction targets on the basis of the country lists. We urge all participants to give further thought to the obvious problems connected with reductions based on price data expressed in nominal terms.

Secondly, we have noted the suggested definitions for the categories of support that should be (a) subjected to reductions ("amber") and (b) left outside reductions ("green"). Our own point of departure has been that the "green" category should be broad enough to allow countries facing adjustment problems to handle the reorientation of their agricultural policies in a manner which is socially and politically acceptable at the national level. We acknowledge that paragraph 8 represents an effort on the part of the Chairman in that direction, but we have considerable difficulties in seeing how one, in practice, can design e.g. a meaningful income support programme which meets each and every criteria listed in that paragraph. Paragraph 9 is, moreover, now so worded that it may lead to a further narrowing of the "green" category. We see here a real risk of ending up with another set of GATT rules which are so stringent and which can be so narrowly interpreted that they simply become a dead letter. As we have earlier suggested, legitimate non-trade concerns should also have a bearing on the designation of support programmes into the green category, not in any arbitrary, open-ended manner but in a manner which would give participants a possibility to negotiate specific solutions in case of particular situations. The Chairman has recognized this need elsewhere in the Paper (paragraphs 13 and 14) and it would, in our view, be important to do likewise in the area of internal support, where we are also faced with often country-specific situations which are sensitive from the viewpoint of non-trade concerns. In this context we feel it necessary to emphasize that a possibility to give well-defined, targeted support through the "green" category is linked to the issue of generally applicable rates of reduction that will ultimately be applied to support and protection.

Our third remark concerns the concept of overall ceilings. The Chairman seems to suggest that they should be product-specific. Our view has been that such ceilings should, rather, be defined in terms of the overall support provided across the whole agricultural sector of a given participant. We do not quite see the logic behind product-specific overall ceilings if we, basically, agree that the support remaining outside reduction commitments should, in principle, be of a non-product-specific character.

Border protection (paragraphs 12-16)

Our basic position concerning the reforms in the area of border protection has not changed. We accept that these negotiations should lead to a gradual change in both levels and forms of border protection. Among the feasible alternatives we have mentioned tariffication but we have also stated that tariffication, where applicable, should be accompanied by appropriate safeguards and stabilizers.

Our understanding is that, on the one hand, this chapter in the Chairman's draft goes very far towards overall tariffication, but, on the other hand, it leaves a certain number of issues open for the phase when we would be working on the basis of the country lists. We

have taken careful note of the reference in paragraph 12 to the understanding that relevant non-trade concerns shall be accommodated to the maximum possible extent within this approach, and we recognize the link that this understanding should have with the provisions contained in paragraphs 13 and 14.

We have some doubts as to the rôle of tariff quotas as an indispensable element in the safeguarding of existing access and in the opening of minimum access. A very comprehensive tariff quota system may unduly complicate and bureaucratize our import systems at the moment when we are basically supposed to take steps toward further liberalization and simplification of access. It is in our view too early to commit participants to a large-scale use of tariff quotas until we have seen, on the basis of country lists, how the process of tariffication is changing the conditions of access in practical terms.

We have certain misgivings concerning paragraph 15. In view of the heterogeneous nature of developing countries' interests and export capacities in the field of agriculture, a less sweeping language might be more appropriate.

Paragraph 16 contains important issues whose resolution will largely determine our final position on broadly-based tariffication.

Export competition (paragraphs 17-23)

This chapter contains a number of ambitious ideas but we are ready to take it as the basis of our future work. We continue to be prepared to eliminate most of our export subsidies as an important input on our part to the long-term reform package.

Reduction targets (paragraph 24)

We concur with the idea of tackling the issue of reduction targets as soon as the country lists are available. The resolution of some of the issues we have flagged above will have an impact on our position as to the depth of cuts and the lengths of transitional arrangements. For example, if the scope of the "green" category remains unduly restrained, it will have an impact on our position as to the degree of reduction of other types of internal support.

SPS (paragraph 25)

We believe that the attached draft text provides a good basis for the final outcome in this area.

Rules and disciplines (paragraph 26)

We accept the general approach that the specific negotiations on rules and disciplines will be carried out concurrently with the negotiations on the commitments outlined earlier in the draft.

Surveillance (paragraph 27)

No specific comments.

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Concluding general remark

We understand that the substance of the foreseen package will largely depend on the negotiations that will follow the tabling of the country lists. It is important, in our view, to carry out those negotiations in a manner which takes into account the specific situations of individual participants. Everybody must contribute to the reform programme on the basis of the agreed commitments, and there must be a balance between those contributions. In relation to the targets of the agreed reform programme some flexibility should be left for the manner in which the contributions of the individual participants will ultimately be constructed. Some of us may be able to go further in one of the above sectors than some others, and in some other sectors the case may be reversed. In the interest of the overall effect of the reform programme we should make full use of such possibilities rather than try to prevent them for formalistic or other reasons.